

Publications

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U.S. Implements EU Tariff Rate Adjustments on Aircraft and Parts, Autos and Parts, Generic Pharma and More

Key Takeaways:

- **Tariff reductions for EU goods are now in effect.** The U.S. has implemented targeted exemptions and reductions on aircraft and parts, generic pharmaceuticals, natural resources, and auto products under its trade framework with the EU.
- **The changes reflect a new policy framework.** Recent Executive Orders lay out a structured approach for adjusting reciprocal tariffs where aligned trade agreements are in place.
- **More agreements may follow.** The Administration may take a similar approach with trading partners like Japan, particularly in sectors involving pharmaceuticals and hard-to-source materials.

The Administration has implemented new tariff rate adjustments under its trade framework agreement with the European Union (EU). Now in effect, the changes exempt or reduce tariffs on a targeted set of EU goods and reflect ongoing implementation of the U.S.-EU Framework on an Agreement on Reciprocal, Fair, and Balanced Trade. The move also signals how the Administration may approach tariff alignment with other trading partners, using targeted exemptions to support broader reciprocal agreements.

What the Tariff Changes Cover

The following categories of EU goods are now subject to reduced or exempted U.S. tariffs:

EU Aircraft and parts, Generic Pharmaceuticals, and Natural Resources: Exempt from Reciprocal Tariffs

Effective Sept. 1, 2025, the U.S. today adjusted the Harmonized Tariff Schedule of the United States (HTSUS) to apply Most-Favored Nation (MFN) tariff rates and exempt reciprocal tariffs on certain EU products outlined in Annex I, including:

- All aircraft and aircraft parts;
- Generic pharmaceuticals their ingredients and chemical precursors; and
- Unavailable natural resources (including cork and certain metals)

Related People

- Dominic L. Bianchi
- Deanna Okun
- Lydia C. Pardini
- Jane C. Dempsey

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EU Automobiles and Parts: Reduced Section 232 Tariffs

Effective Aug. 1, 2025, the U.S. today reduced the 25 percent Section 232 tariffs on automobiles and automobile parts as described in Annex II (Part A):

- Products subject to an MFN tariff rate of 15% or higher are fully exempt from Section 232 tariffs.
- For products subject to MFN rates lower than 15%, the total combined tariff rate (the MFN rate plus a reduced Section 232 tariff) is capped at 15%.

EU Civil Aircraft and Parts: Exempt from Section 232 Metals Tariffs

Also effective Sept. 1, 2025, civil aircraft and aircraft parts are now exempt from Section 232 tariffs on aluminum, steel, and copper imposed by Proclamations 9704, 9705, and 10962 as articles eligible for duty-free treatment under the Agreement on Trade in Civil Aircraft.

How the Administration Put the Changes in Motion

On Sept. 5, 2025, President Trump signed an Executive Order on reciprocal tariffs, signaling that countries with aligned trade agreements may qualify for targeted exemptions. The order accomplished three key actions — while also signaling how the Administration may apply this framework in future agreements.

Under the order, the President:

1. **Expanded Product Exemptions:** The President modified Annex II to Executive Order 14257, which lists products exempt from reciprocal tariffs, to include additional products. These exemptions became effective on Sept. 8, 2025.
2. **Directed Implementation of Final Agreements:** Recognizing the need to implement the terms of any final agreements between the U.S. and foreign trading partners, the President directed the Secretary of Commerce and the U.S. Trade Representative to determine whether — and how — the U.S. should proceed. The current HTSUS modifications reflect that directive in action.
3. **Outlined Potential Future Exemptions:** Through Executive Order 14346, the Administration indicated a willingness to reduce reciprocal tariffs on certain products for aligned trading partners. Annex III entitled “Potential Tariff Adjustments for Aligned Partners” lists certain natural resources unavailable or insufficient in the U.S. to satisfy domestic demand, including natural resources; aircraft and aircraft parts; and non-patented pharmaceutical articles. The EU exemptions now in effect draw directly from this framework.

What This Signals for Future Trade Deals

Looking ahead, the Administration may take a similar approach to implement the U.S.-Japan agreement, particularly with respect to certain pharmaceuticals and natural resources unavailable to meet U.S. demand. While the agreement states that such products will be exempted from reciprocal tariffs, details on timing and scope have yet to be announced.

If your business needs strategic legal guidance or anticipates potential impacts resulting from these announcements, contact Deanna Okun, Lydia Pardini, Polsinelli’s Executive Action Working Group or your Polsinelli contact.

